

## **WARREN COUNTY BOARD OF SUPERVISORS**

Committee: **SUPPORT SERVICES - SELF-INSURANCE**

Date: **AUGUST 26, 2009**

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**Committee Members Present: Others Present:**

Supervisors Sheehan  
VanNess  
Strainer  
Taylor

Amy Clute, Administrator of Self-Insurance  
Representing Capital Financial Group, Inc.:  
John Weber, President  
Kristy Laney, Vice President  
Lori Burch

**Committee Members Absent:**

Supervisors Girard  
Simmes  
Goodspeed

Frederick Monroe, Chairman  
Hal Payne, Commissioner of Administrative and  
Fiscal Services  
Joan Sady, Clerk of the Board  
Paul Dusek, County Attorney  
JoAnn McKinstry, Deputy Commissioner of  
Administrative and Fiscal Services  
Supervisor Pitkin  
Supervisor Stec  
Supervisor Thomas  
Bud York, Sheriff  
Nicole Livingston, Deputy Clerk

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Mr. Sheehan called the meeting of the Support Services Committee to order at 8:00 a.m. He noted the lack of quorum; however, he said, the meeting was solely for informational purposes.

Privilege of the floor was extended to John Weber, President of Capital Financial Group, Inc., to make a presentation on the 2010 health insurance options for Warren County employees and retirees. Mr. Weber's staff distributed documents outlining the benefits and costs associated with the health care programs, copies of which are on file with the minutes.

Mr. Weber explained that two years ago there had been a projected 14% increase in the HMO premiums for Warren County; however, he said, before they had completed the renewal, it had decreased to 3%; thereby initiating a savings of 11%. He noted that an 11% savings of a \$9 million budget was nearly a \$1 million savings. He further stated that Capital Financial Group, Inc. performed all of the County's health care and related budgets, claims and monthly charges, including the auditing of bills. He reminded the Committee members that last year there had been a projected 15% increase and following changes, a 6% savings was realized, or \$500,000 in savings.

Mr. Weber asserted that CDPHP, which was the largest provider for Warren County, comprising approximately 70% of employees, was projected to increase 15.2%. He advised that the official HMO rates would not be available until October 1, 2009 and

the figures they had today were estimates. He added that CDPHP did come in with an Experienced Rate.

Mr. VanNess entered the meeting at 8:07 a.m.; thereby establishing a quorum of the Committee.

Mr. Weber expounded that in switching from the HMO's to the Experience Rated Alternatives, discussions would need to be held with the Unions; however, he said, it was included in the Union contracts that this may happen in the future. The only stipulation with the Experience Rated plan, he noted, was that it required 100% participation. He reviewed the Experience Rated plans that were distributed.

Mr. Weber referred to the CDPHP plan, and noted that with the HMO they anticipated a 15% rate renewal increase from last years rate; however, he said, if they went out to bid to obtain an Experience Rated plan, there would be approximately a 10% increase. He added that the coverage for employees under an Experience Rated plan would not change.

Mr. Weber apprised that there were five different variations of this plan. He reiterated that they needed to be very sensitive with regard to the Union contracts, because if any of the contract stipulations were voided, it could result in a grievance which could be costly to the County. He directed the Committee members attention to the fourth plan listed for CDPHP, the \$25/\$40, and explained the concept that they would use an HRA (Health Reimbursement Arrangement) which would reimburse the co-pay. He added that the Union contracts stated that there had to be a \$25 co-pay; however, he said, the specialist co-pay would be \$40. He clarified that by using the HRA concept, an employee would pay the \$40 co-pay and be reimbursed \$15; thereby complying with the terms of the Union contract.

Mr. Pitkin questioned if this idea assumed that there would be 100% participation of the County workforce. Mr. Weber explained that it meant the Unions would all have to agree and he noted that the same health care was being provided to the County that the CDPHP plan offered, which the majority of the employees were on. Paul Dusek, County Attorney, apprised that the proposal should be acceptable to the Unions, given the dire economic times. Mr. Weber added that there would be a savings to employees in their contribution level under the CDPHP Experience Rated plan, as opposed to the County continuing with the HMO plans.

Mr. Weber asserted that the CSEA was the largest Union in the County and they were very familiar with Capital Financial Group. Kristy Laney, Vice President, remarked that with this HRA, because of the size of the groups included, they had a good negotiating power with the rates. She stated that the sooner a decision was made concerning the Experience Rated plans, the more time they would have to provide education to the employees, and education would be key in keeping the claims down from the beginning. Ms. Laney noted that they would get a Wellness Clinic implemented

immediately if the County were to go to Experience Rated, which could not be done with the HMO's.

Discussion ensued as to the process of negotiating renewal rates for health plans. Mr. Dusek questioned if the County did implement the Experience Rated plans and those rates were to increase next year, could the County return to the HMO plans and Mr. Weber responded that it was not likely that the County would be able to return to the HMO plans; however, he said, he was confident that the rate provided would be a very competitive rate. Ms. Laney added it also depended on the carrier as to whether or not the County could return to the HMO plans.

Mr. Stec entered the meeting at 8:34 a.m.

In reviewing the documents distributed and referring to the CDPHP \$25/\$40 plan, Mr. VanNess noted an increase in office visits and in-patient hospital visits. Mr. Weber agreed and explained that the plan would only be used if the HRA could be included with it.

Mr. Weber acknowledged that the rates presented were not for a January 1<sup>st</sup> enrollment; these were for November or December enrollments. He added that if the County waited until January, the rates would increase approximately 2%.

Hal Payne, Commissioner of Administrative & Fiscal Services, asked if the Unions did not agree to the Experience Rated option, could the County establish a HRA account with an HMO, raise the co-pay to \$50 and then reimburse \$25; and he questioned what that would do to the County's rate. Mr. Weber responded that the County could do a HRA account with an HMO and added if the HRA was included it could save an estimated 5% to 6% off the HMO rate.

Mr. Pitkin asked Amy Clute, Administrator of Self-Insurance, her opinion on the Experience Rated proposal. Ms. Clute apprised she was glad the County had Capital Financial Group handling these issues. She noted that years ago there had been a situation in which two of the carriers came back and billed the County when the rates for the prior year were not accurate or there had been a change in enrollment. She questioned if there was any chance a similar situation could occur under this option. Mr. Weber replied that under an Experience Rated plan, the rate was set and it eliminated the chance of a variance.

Mr. Weber suggested that another meeting be held around September 15<sup>th</sup> after discussions were held with the Unions, to make a decision as to which way the County wanted to proceed. Joan Sady, Clerk of the Board, advised the meeting could be held Monday, September 14, 2009.

Ms. Laney announced that Legislation had been passed authorizing age 25 dependent coverage extension through age 29. She stated that upon County renewal, it would

become an eligibility issue if the County wanted to offer a rider onto a plan. She noted that they would need to know if the County was considering offering such.

Mr. Dusek expounded he had researched the 'Canada RX Program', Canadian drug purchases. He said that the program was not used for generic drugs or special treatment drugs; it was only used for maintenance type drugs. He expressed his opinion that this would be a good idea to consider in the future; however, he added, he thought it would be too much to try to take on this year. He noted that once the County was under an Experience Rated plan for a year, it would be appropriate to review that option again.

Discussion ensued regarding Canadian drug purchases.

As there was no further business to come before the Support Services Committee, on motion made by Mr. Taylor and seconded by Mr. Strainer, Mr. Sheehan adjourned the meeting at 9:10 a.m.

Respectfully Submitted,

Nicole Livingston, Deputy Clerk